Paying for Favours: Evaluating the Role of Blat in Post-Soviet Ukraine

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Olga Onoshchenko and Colin C. Williams

To evaluate whether the illicit practice of using personal connections to acquire goods and services, or to circumvent formal procedures, known as blat in the Soviet era, persists in the post-Soviet world, 200 face-to-face interviews conducted in the city of Mykolayiv in Ukraine are reported. The finding is that personal networks are still commonly and widely used. However, unlike Soviet era blat which was non-monetized friendly help, control over access to assets and possessing personal connections to those controlling access to assets, has become a commodity bought and sold for illicit monetary payments. The paper concludes by discussing how this corrupt practice might be tackled.

Keywords: bribery; corruption; nepotism; cronyism; Ukraine

Introduction

The corrupt social practice of using personal networks to obtain preferential access to goods and services, or to circumvent formal procedures, prevails to varying degrees in all societies, and is variously called “pulling strings” in the English-speaking world (Smith et al. 2012), jeitinho in Brazil (Ardichvili et al. 2012, Ferreira et al. 2012), guanxi in China (Chen et al. 2011; Chen, Chen, and Huang 2012; Luo 2011; Yang and Wang 2011), wasta in the Arab world (Smith et al. 2011) and blat in post-Soviet spaces (Ledeneva 2008, 2009, 2013). To contribute to the advancement of knowledge on this subject, the aim of this paper is to evaluate critically the persistence and character of blat in the post-Soviet world which refers to “the use of personal networks for obtaining
goods and services in short supply, or for circumventing formal procedures” (Ledeneva 2013, 273).

To do this, the first section of this paper will review the existing literature on the illicit use of personal networks to circumvent formal procedures or get what you want, with a particular focus on the use of blat in the Soviet and post-Soviet world. This will reveal that, akin to other parts of the world, the emergent argument has been that blat has shifted from being a non-monetized practice to help people out to become a more monetized realm (Arnstberg and Boren 2003; Ledeneva 2008, 2013; Michailova and Worm 2003; Smith and Stenning 2006). However, until now, in-depth contemporary empirical studies of blat have been notable by their absence. In the second section, therefore, a study will be introduced of the use of blat in the city of Mykolayiv in Ukraine based on 200 face-to-face interviews. The third section will then report the results regarding the prevalence and nature of blat and whether money is replacing blat. This will reveal that although traditional-style non-monetized blat comprising friendly help is still prevalent and used to help close social relations, not only are personal connections now treated as a commodity with gifts and/or money received and given when more distant social relations are involved, but illicit monetary payments have also become commonplace in some spheres when obtaining goods and services, or circumventing formal procedures. The final section then draws some conclusions and discusses how these corrupt practices might be tackled.

Using Personal Connections to Circumvent Formal Procedures: A Literature Review

In different countries and global regions, the illicit practice of using personal networks to circumvent formal procedures is known by various names. When discussed in China, it is commonly referred to as guanxi (“connections”) which Michailova and Worm (2003, 510) define as “interpersonal linkages with the implication of a continued exchange of favours.” Indeed, in recent years, an emergent literature has highlighted its widespread persistence and influence, especially in the Chinese business world (Chen et al. 2011; Chen, Chen, and Huang 2012; Hsiung 2013; Luo 2011; Luo, Huang, and Wang 2011; Michailova and Worm 2003; Munro et al. 2013; Song, Cadsby, and Bi 2011; Yang and Wang 2011; Zhan 2012; Zhuang, Xi, and Tsang 2010). When discussed in Brazil, the term commonly used is jeitinho (“little way out”). As Ardichvili et al. state, this term generally refers to “a special way of managing obstacles in order to find a way out of bureaucracy” and is “a result of the attempt to satisfy the dictates of bureaucratic rules while still finding ways to accomplish business goals.”

In the Arab world, meanwhile, the term usually used to refer to this illicit practice is wasta (“going in between”), which Smith et al. (2011, 3) define as “a process whereby one may achieve goals through links with key persons.”
Hutchings and Weir (2006, 143) assert, “wasta involves social networks of interpersonal connections rooted in family and kinship ties and implicating the exercise of power, influence and information sharing through social and politico-business networks.” Again, numerous studies have recently begun to document its continuing prevalence in various Arab countries (Bailey 2012; Barnett, Yandle, and Naufal 2013; Hutchings and Weir 2006; Kilani and Sakijha 2002; Mohamed and Mohamed 2011; Smith et al. 2011; Tlaiss and Kauser 2011). As Al Ramahi (2000) has pointed out, moreover, many studies are pointing to how wasta appears to have become monetized with illicit monetary payments being made as a reward for forging connections. In the Arab nations of North Africa that were former French colonies, namely Tunisia, Algeria and Morocco, the term more commonly used is ma’arifa (“who you know”) (Mellahi and Geoffrey 2003), or else the French language term piston, which translated into English means “pulling strings”. Indeed, it is “pulling strings” which is most commonly used in the English-speaking world when referring to the process by which one obtains favours through links with influential persons and these links may be longstanding ones, deriving from family connections or shared schooling but they may also develop from short-term contacts (Smith et al. 2012). Unlike in other global regions, no empirical research has been undertaken on the prevalence or nature of this practice in the English-speaking world. However, a survey of attitudes towards this practice by Smith et al. (2012) reveals that English people view “pulling strings” rather more positively than Chinese, Arab world people and Brazilians view guanxi, wasta and jeitinho, respectively. This is not due to the character of this practice differing across global regions. Instead, it is due to its wider prevalence in these other countries and global regions, which has led to greater levels of nepotism (i.e. favouritism based on kinship), cronyism (i.e. partiality to close friends and acquaintances) and corruption (i.e. the use of public office for private advantage).

The Role of Blat in Soviet and Post-Soviet Countries

In the Soviet and post-Soviet world, this illicit practice of using personal connections to obtain goods and services, or to circumvent formal processes, has been known as blat (Arnstberg and Boren 2003; Ledeneva 2006, 2008, 2009, 2013; Michailova and Worm 2003; Smith et al. 2011). In the command economy of the Soviet Union, having friends in strategic places was very important since it was not a lack of money that posed the main problem in gaining access to commodities, but the shortage of goods and services themselves, access to which required personal connections. As such, it was crucial to have a wide network of friends and acquaintances to call upon, reflected in the commonly heard phrase during the Soviet period, “it is better to have a hundred friends than a hundred rubles.”

In the Soviet world, therefore, blat referred to the provision of help to others when asked and those asking for help were not obliged to provide any direct
compensation. Instead, the favour was to be repaid by somebody in the social network at some point in the future. Indeed, and as Arnstberg and Boren (2003, 23) state, a “prerequisite that underpinned the system of blat was the fact that almost every employee had some type of "asset-access”, which could be used in blat-relations.” Blat was therefore a practice largely based on social motives such as building reciprocity and trust, not least because in Soviet societies the ability to take care of friends through blat was seen as an important status symbol and a source of pride and prestige for those able to help others (Harney 2012; Polese 2008; Polese and Rodgers 2011; Rasanayagam 2011; Williams, Round, and Rodgers 2013). The outcome was that for most of the population of the Soviet world, the meaning of blat was largely positive since it helped them to deal with the inadequacies and inefficiencies of the command economy.

With the collapse of the Soviet command economy and the faltering transition towards marketization, it might be expected that the importance of blat in post-Soviet societies will have declined since it emerged and was a direct product of the economy of shortages. As Arnstberg and Boren (2003, 39) assert, “While during the Soviet period access to scarcely supplied goods was crucial, with the development of a market economy one can buy formerly deficit goods without routine queuing and without the use of personal networks.” The consensus in the literature, nevertheless, is that although money now plays a greater role in accessing goods and services, and circumventing formal procedures, the practice of using personal networks to do so persists but that it has changed its character. The argument is that whilst in Soviet society money played only a minor role and using personal networks to access goods and services meant everything, in post-Soviet societies, the new shortage is money and blat has adjusted in two major ways, although the principle of using personal social networks for accessing goods and services remains the same.

Firstly, the argument is that the realms in which personal networks are used have changed. No longer is blat primarily used to gain access to personal consumption items. Given that making a living and getting a well-paid job have become important in the market system, it is asserted that personal connections are now being used more to open up access to assets such as jobs, educational places and bank loans (Ledeneva 2013). The result, as Michailova and Worm (2003, 517) argue, is that blat is now “explicitly related to economic interests and the conduct of business, whereas in the socialist period it was mainly associated with political considerations and private consumption.”

Secondly, it is asserted that the goal underpinning the use of blat has changed. In the Soviet period the goal was friendly help to enable people in one’s personal network to gain access to goods and services, or to circumvent formal procedures. In post-Soviet market societies, it is asserted that personal networks are increasingly being treated as themselves a commodity and gifts and/or money are received and given for accessing this commodity (Arnstberg and Boren 2003; Ledeneva 2009, 2013). Hence, as the advantages of accessing a bank loan, medical services, educational places and a job have become measurable in terms of financial returns, the assertion is that providing access to
assets is no longer about friendly help but is now reimbursed in the form of money. Those with access to these assets, or knowing people with access to these assets, therefore, are asserted to use them to accumulate money in the new market societies (Smith and Stenning 2006).

The outcome is that "blat is losing its warm, human face and becoming increasingly "materialised". The transformation of its nature from being based on moral and ethical considerations to having an explicit financial expression is a phenomenon in itself" (Michailova and Worm 2003, 517). Blat is thus deemed to have taken on a more negative meaning associated with corruption, by which is meant the use of public office for private advantage, not only in a fiscal sense but also in terms of status and influence (Arnstberg and Boren 2003; Ledeneva 2009, 2013; Polese 2008).

Until now, however, in-depth empirical studies not only of the prevalence but more importantly of the nature of blat in contemporary post-Soviet societies are notable by their absence. Here, therefore, the intention is to begin to fill that gap.

Methodology: Examining Blat in Post-Soviet Ukraine

To examine the use of blat in post-Soviet Ukraine, we here report the results of a survey conducted in 2009 in the city of Mykolayiv, a regional centre in the south of Ukraine with a population of 498,700 people. During the Soviet period, Mykolayiv was a prosperous shipbuilding centre of the Soviet Union with three shipbuilding yards but since the collapse of the Soviet Union, production volumes have decreased dramatically as well as the population employed at these plants. The result has been that Mykolayiv, akin to elsewhere in Ukraine, has witnessed a growth in unemployment and struggled to find a new economic role for itself in the post-Soviet world (see Onoshchenko 2012).

In 2009, 200 structured face-to-face interviews were conducted regarding the coping practices being used to get-by in everyday life in this post-socialist urban area. To do this, a spatially stratified sample of 20 households in each of the 10 districts of Mykolayiv were surveyed, with the households in each district selected using a random spatial sampling method. To understand the coping practices being used to get-by, the structured interviews firstly asked how they got various everyday tasks completed followed by questions on what types of work they undertook (both paid and unpaid) for others and how they acquired various goods and services. Following this, questions were asked about their use of blat. This asked participants about their attitude towards blat and following this, about whether they had used this practice in various spheres. The participants were asked whether anyone had helped him/her to obtain goods and/or services in each of these spheres, or to circumvent formal procedures, who the person was, why they had asked for help and if the person who had helped them had been rewarded for helping them and if so, how. This was then followed by open-ended questions on whether it would have
been possible to achieve the same result without using connections and if not, why not.

The same questions were then asked about whether the participant had provided help using their knowledge, contacts, position and privileges to any other person in gaining access to resources in any of these spheres. If so, they were asked who they had helped to obtain goods and/or services, why they had helped them and whether they had been rewarded for helping them and if so, how. The final section of the questionnaire then asked open-ended questions regarding the relative importance of connections compared with the use of money in gaining access to goods and services, or for circumventing formal procedures, both in the past and today. Following these 200 face-to-face structured interviews, 30 participants were then selected for in-depth interview using a semi-structured interview schedule, with the participants selected using maximum variation sampling in terms of their socio-demographic characteristics. These in-depth interviews focused on their use of blat.

Evaluating the Prevalence and Character of Blat in Mykolayiv

This study of Mykolayiv, as Table 1 displays, finds that the spheres in which blat has been most commonly used are in gaining access to medical services (with blat being used by 56% of participants over the seven years prior to the interview), finding a job (34%), dealing with the traffic police (30%), approaching the

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<th>Spheres</th>
<th>% receiving blat</th>
<th>% supplying blat</th>
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<td>Medical services: local surgery, hospital or bed and operation</td>
<td>56</td>
<td>21</td>
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<tr>
<td>Finding a job</td>
<td>34</td>
<td>24</td>
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<td>30</td>
<td>11</td>
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<td>Approaching the local authorities</td>
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<tr>
<td>Education: places in primary-secondary and higher education</td>
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<td>Legal services and courts</td>
<td>17</td>
<td>8</td>
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<td>Everyday services at a better quality or price</td>
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<td>13</td>
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<td>Repairs to housing, garages, dachas</td>
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<td>Foodstuffs</td>
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<td>Army conscription</td>
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local authorities (23%) and to gain places in kindergartens, schools and universities (22%). Of course, not all participants in this survey needed to draw upon these services over the prior seven years so the actual figures of the proportion that engaged with these spheres which used blat will be higher. Nevertheless, this reveals that blat remains widely used, with 84% of all participants reporting that they had used blat to gain access to assets in at least one of these spheres over the past seven years. The spheres in which blat is used, however, appear to have changed compared with the Soviet era. Today, few people rely on blat to gain access to foodstuffs, consumer goods and events, unlike in the Soviet era but instead, use it when interacting with the public sector and when seeking employment.

Some 21% of participants, moreover, had made arrangements for somebody they knew to gain access to medical services either due to their direct control over these assets or more usually by acting as a third party to help them establish contact with a relevant person. Similarly, 24% had helped somebody find a job, 11% solve problems with the traffic police, 12% approach the local authorities and 16% gain a place in an educational institution. Indeed, 57% of participants had supplied blat in one of these spheres over the past seven years. The reason for the lower supply-side figure is that participants are likely to be able to provide favours in a limited range of spheres (mostly the areas in which he/she works or those areas in which she/he knows somebody and can act as a third party in gaining access), but can receive blat in almost any sphere depending on the breadth of his/her connections.

Why, therefore, do people use blat? The main reasons stated are to get a better quality service (24%), to get useful information (23%), to circumvent formal procedures (11%), to be introduced to useful people (11%), to reduce the final price (11%), to make the rules work (7%), to jump the queue (7%) and to maintain connections (4%). Most of these rationales, therefore, appear to be closely associated with old-style blat, namely friendly help of a non-monetized variety.

Is it the case then that blat has changed its character? In the literature, the argument has been that whereas in the Soviet period the goal was friendly help in order to help people in one’s personal network gain access to services, in post-Soviet market societies, personal networks are increasingly treated as a commodity and gifts and/or money are received and given (Arnstberg and Boren 2003; Ledeneva 2009, 2013). To evaluate this, participants were asked two questions. Firstly, when they stated that they had received help with regard to educational services, they were asked, “How do you reward your connections?”

<table>
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<th>Table 2. Rewards for blat: by the type of reward</th>
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<td>Cash</td>
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<td>Reward received (%)</td>
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<td>Reward given (%)</td>
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Secondly, and when they provided help or acted as a third party, they were asked, "What do you usually receive as a reward?". The participants were given five options with regard to the type of reward they gave and received: cash; gifts; quid pro quo; just "thank you", or "other" which include rewards such as "drinking beer together". If participants stated that cash or a gift was given or received, then this is here seen to intimate the monetization of blat whereas if some other service (quid pro quo) is provided or they just say "thank you", this is here seen to suggest that non-monetized forms of blat in the traditional form of a reciprocal exchange of favours persist in the contemporary post-Soviet era.

As Table 2 reveals, the blat was rewarded either with cash (25%) or with a gift (13%), together summing-up to 38% of all blat received. However, the results for those supplying blat differ significantly: paid blat sums up to only 16% out of total. Recognizing that those in possession of the assets (e.g. medical practitioners) are often given cash or a gift whilst third parties arranging access are less likely to be rewarded monetarily, this discrepancy in monetary reward between those receiving and giving help is explained. While the recipients are thinking of how they had rewarded those with direct control of the assets rather than any third party arranger, those providing blat include a large number of third party arrangers who had not received cash or a gift for their services.

These results, therefore, not only convey the extent to which blat has been monetized but also the persistence in contemporary Ukraine of old-style blat in the form of friendly help which is non-monetized. To understand this persistence of old-style blat, it is necessary to analyse the nature of the social relations between those engaged in monetized and non-monetized blat. As Table 3 reveals, a large proportion of blat involves helping close social relations such as relatives, friends, neighbours or work colleagues. Indeed, nearly 86% of those receiving help with connections obtain this help from close social relations and over two-thirds (67%) of those providing help do so for relatives, friends, neighbours and work colleagues, rather than for more distant social relations such as friends of friends. In the majority of cases where close social relations are involved, monetary compensation is absent; 80% of blat between relatives and friends is non-monetized.

This is not the case when more distant social relations are involved, such as friends of friends or more distant acquaintances. When the blat is provided for or by more distant social relations, this was more likely to be monetized; in

| Table 3. Nature of relationship between the supplier and receiver of blat |
|---------------------------------|---|---|---|---|---|
| Nature of relationship          | Relative | Friend | Neighbour | Colleague | Other |
| Receive favours from (%)        | 22 | 29 | 12 | 14 | 14 |
| Provide favours for (%)         | 20 | 28 | 8 | 12 | 33 |
some 70% of blat with friends of friends and more distant acquaintances. In consequence, traditional non-monetized blat in the form of friendly help persists in Ukraine but is mostly confined to close social relations. The encroachment of monetary relations, meanwhile, appears to be when more distant social relations are involved.

However, significant variations exist across different spheres and if blat if to be more fully understood, it is important to develop a context-bound understanding of how blat is used. To develop this nuanced understanding, we here take the five spheres in turn where blat is most prevalent, namely medical services, finding a job, dealing with the traffic police, approaching the local authorities and getting places in kindergartens, schools and universities.

Medical Services

As Lekhan, Rudiy, and Nolte (2004) highlight, medical services provision in Ukraine has undergone a radical transformation since the collapse of the Soviet Union and there is now a burgeoning private sector. Medical services, nevertheless, remain officially a free public service. For those working in this sector, wages are low both compared with international rates and relative to other professions nationally. A paediatrician at a public sector maternity hospital, for example, earns an official salary of 2000 hryvnias per month ($US250) and in the private sector, salaries are only 10–15% higher (Lekhan, Rudiy, and Richardson 2010, 68). While the price of food-stuffs is relatively low mainly due to lower quality control (1 litre of milk costs approximately US$1, a loaf of bread US$0.80 and a Big Mac is US$2), imported consumer goods such as clothing or cars are more expensive than in western Europe due to import taxes. This provides the important background context for understanding the contemporary role of blat in the medical services sector in Mykolayiv.

When participants were asked whether they had used blat in the past seven years to obtain help from a local doctor’s surgery, to get a hospital bed or to reduce the cost of an operation, 56% asserted they had done so. Some 21% of participants, moreover, had made arrangements for somebody they knew to access these medical services either due to their direct employment in medical services or more usually by acting as a third party to help them establish contact with a relevant person. In consequence, the use of connections to obtain these medical services remains widespread. The main reasons people gave for using blat in this realm are to receive a better quality service (53%), get information (19%), jump the queue (9%), circumvent other formal procedures (8%), be introduced to useful people (6%) and to reduce the price which would need to be paid (4%).

To understand the reason for the widespread use of blat, it is necessary to understand that in Ukraine it is commonly believed that having personal con-
connections with doctors is important and significantly influences the quality of treatment you receive as a patient. As one of the participants, a manager of a firm, stated:

If you personally know the chief physician you will get absolutely different treatment. I always go to the doctors pulling strings. Once I recommended a good doctor to my sister but without introducing her to him. She visited this doctor without being patronised first and did not receive proper quality and care from him as I did.

In consequence, blat is extensively used to access medical services. Is it the case, however, that blat has changed its character? Those receiving help had in 29% of cases rewarded this with a monetary payment and a gift in a further 23% of cases. As such, there does appear to be a monetization of blat. Meanwhile, 22% of those providing access to these services had been rewarded with cash or a gift, which includes not only medical practitioners but also third parties who arrange access. These results, therefore, not only convey the extent to which blat has been monetized but also the persistence in contemporary Ukraine of old-style blat in the form of friendly help which is non-monetized. To understand this persistence of old-style blat, however, it is necessary to analyse the nature of the social relations between those engaged in monetized and non-monetized blat. Indeed, 65% of those receiving help with connections obtain this from close social relations and over 85% of those providing help do so for relatives, friends, neighbours and work colleagues, rather than for more distant social relations such as friends of friends. In the majority of cases where close social relations are involved, monetary compensation is absent; 83 per cent of blat between relatives and friends was non-monetized.

This is not the case when more distant social relations are involved, such as friends of friends or more distant acquaintances. When the blat is provided for or by more distant social relations, this was more likely to be monetized; 70% of blat with friends of friends and more distant acquaintances was monetized. The encroachment of monetary relations is thus greater when more distant social relations are involved. Indeed, of those who had visited their local doctor’s surgery, received a hospital bed or entered hospital for an operation, 70% had made an informal payment in the form either of cash or a gift to hospital staff. This is because in Ukraine, it is widely accepted that although medical services are free in the public health sector, there are informal “tariffs” for doctors’ consultations. As one doctor stated,

Nobody fights this corruption in hospitals. The state cannot provide doctors with an adequate salary but doctors need to survive. If the informal earnings of healthcare workers were prosecuted, everybody would leave. Therefore the state turns a blind eye.
For this doctor, therefore, these payments are not “bribes” but are gifts from the patient displaying their appreciation and gratefulness. As he explains,

Have you ever visited a doctor in a public hospital who refused to treat you without being paid or extorted money from you? … I do not consider that money given as a bribe; it is gift of gratitude by the patient.

For him, therefore, such payments are an expression of gratitude on the part of patients, not least in recognition of the low pay of doctors in the state system, and arise out of the failure of the state to fulfil its part of the bargain by insufficiently rewarding public sector workers. Indeed, as Polese (2008, 53) has accurately asserted, “If I receive it, it is a gift. If I demand it, then it is a bribe.” For the majority of people working in medical services, their view is that they do not demand such informal payments so this cannot be seen as a bribe.

Finding a Job

When participants were asked whether they had relied on blat to find employment in the prior seven years, 34% stated that this was the case. A further 24% of all survey participants stated that they had helped somebody find employment. The main purposes underpinning the use of blat when seeking a job were to seek further information on openings (44%), to be introduced to useful people (28%), to circumvent formal procedures (9%) and to jump the queue (2%). Again, most of these purposes seem to be closely associated with old-style blat, namely friendly help of a non-monetized variety.

Examining whether blat has changed its character, those receiving help with their recruitment to a job had in just 4% of cases rewarded this with a monetary payment and a gift in a further 16% of cases. Consequently, there does not appear to be a monetization of blat in this sphere. Instead, non-monetized blat in the form of friendly help remains dominant. Indeed, 51% were rewarded simply by a “thank you”, 19% by quid pro quo and 9% by other means such as a drink. Meanwhile, of those providing help, just 6% had been rewarded with cash or a gift. Instead, 71% received just a thank you, for 21% it was quid pro quo and for 2% other rewards such as a drink. These results, therefore, display the limited degree to which blat has been monetized in the realm of job recruitment.

To understand this, it is necessary to analyse the social relations involved or, in other words, who helps who. The finding is that a large proportion of blat involves helping close social relations such as relatives, friends, neighbours or work colleagues, with 25% of help received from a relative, 37% from a friend, 6% from a neighbour and 12% from a colleague. As such, 80% of those receiving help obtained this from close social relations. Similarly, 87% of those providing help do so for relatives, friends, neighbours and work colleagues,
rather than for more distant social relations such as friends of friends. In the majority of cases where close social relations are involved, monetary compensation is absent; 96% of blat between relatives and friends was non-monetized.

It is only when such help is provided for or by more distant acquaintances, therefore, that there is any possibility that this is monetized. Even here, however, the monetization of blat is rare. As a woman who is a school director asserted:

*My position gives me a very good circle of connections among pupils’ parents. Moreover, I have been a school director for 15 years. That is why I can ask for help the pupils’ parents (quality medical service, household appliances repair, residence permit) and naturally will help them in solving problems with the school administration and teachers (placing children to the best teachers, improvement of knowledge quality and marks). My grandson graduated from the Academy of Law but nobody wanted to employ him because of no work experience. With the help of one of the parents I managed to find a job for him.*

Contrary to the literature, therefore, the encroachment of monetary relations does not appear to have occurred when blat is used to find a job, a sphere the existing literature intimates is precisely the type of blat which has been commodified (Ledeneva 2013). Help with finding a job is socially, rather than profit, motivated.

**Solving Problems with the Traffic Police**

When participants were asked whether they had relied on blat to solve problems with the traffic police or to get a vehicle registered in the prior seven years, 30% stated that this was the case, and 11% stated that they had helped somebody in this regard. The main purpose underpinning the use of blat in this context was to circumvent the rules (28%), to receive a service without a queue (20%), to make the rules work (17%), to get information (16%), to be introduced to useful people (9%), to reduce the final price (5%) and to maintain connections (4%). Again, these purposes are closely associated with old-style blat, namely friendly help of a non-monetized variety.

However, in 43% of cases, cash had been given and in a further 8% of cases, a gift and in the remaining cases, close social relations had helped out as third parties. The strong intimation is that this is related to corruption. A woman employed in the services sector felt rather uncomfortable in talking about the informal monetary practices with the traffic police:

*No, we settled all our problems with traffic police according to the law ... [in a lower voice] Everyone after all knows how it is done here.*

Others, however, were more forthcoming. A woman who works as a clerk in a firm stated:
It is well known that the traffic police and firemen are the most corrupt. I regularly have to give them bribes: when they stop us on the road for some violation, when we need to register the vehicle, when they inspect the premises of my husband’s firm.

Similarly, another participant, a small business owner, asserted:

When firemen find a violation of the fire safety rules you must either improve the imperfection or pay a bribe (which is often cheaper). After you have paid the bribe, firemen even do not check the fire security of the premises. They try their best only to find violations and rip you off. The traffic police work in the same manner: their aim is not to prevent an accident, but to make a record and rip you off.

Dealing with the Local Authority

When asked whether they had relied on blat to deal with the local authority in the prior seven years, 23% stated that this was the case, and 11% had helped somebody do so. The main purpose was to make the rules work (25%), to get information (25%), to circumvent the rules (16%), to be introduced to useful people (13%), to receive a service without a queue (9%), and to maintain connections (9%). Again, these purposes are closely associated with old-style blat, namely friendly help of a non-monetized variety. However, in 41% of cases, cash had been given and in a further 16% of cases, a gift. Only 27% of favours were done quid pro quo. The strong intimation is again that corruption and bribes are here involved.

When asked whether it would be possible to solve the issues without blat, most agreed but asserted that it would take much time and effort. Using connections is an embedded habit and tradition, especially when influencing state officials. People get used to settling matters with local authorities by drawing in connections and making cash-in-hand payments to state officials and intermediaries. Such an arrangement seems more efficient even though it is in practice possible to obtain all necessary documents without bribes and blat. Thus, a woman, aged 46–55 years old, who works as an accountant, asserted:

Once I had to gather 14 signatures in the gorispolkom [city executive committee]. The lawyer I knew took 400 dollars to help me in this matter as it seemed to take a long time, effort and looked unrealistic. Later, one friend of mine needed to take the same 14 signatures and did it in an hour without any unofficial payments.

In solving more serious issues with the local authorities, it is not that easy to pay for “a good turn”. After all, informal payment constitutes a bribe so state officials are wary of taking money from an unknown person. For this reason, both money as well as connections are required. The bribe maker has to be
recommended by someone reliable otherwise there is a risk. As a woman small business owner stated:

It is impossible to run a small business today. Everyone wants to rip you off. Tax inspection has a plan from above to gather a certain amount of tax and penalties from taxpayers. They have to ascribe non-existent violations on you. I won several trials against them but they are just growing angry. I am afraid one day they are going to ruin my business... I wish there were at least equal conditions for all businesses. Some are but some are not pressurized by the tax inspection. This makes competition unfair.

In this case, money is extorted from the business owner by local tax officials. The way out of this situation is either to admit the violation and pay a fine, or to give bribe to the official to settle the matter, or take the matter to the court. Though the latter is the most legitimate, a positive outcome is not guaranteed.

Educational Institutions

Over one-fifth of all residents surveyed had used blat to gain places in educational institutions and more specifically, just under half (45%) of all those who actually needed to gain places in educational institutions over the past seven years. The main reasons people for doing so were to get the person into a particular institution for a better quality education (34%), to circumvent formal procedures (17%), get useful information (17%), be introduced to useful people (13%), to make the rules work (13%), jump the queue (2%), to maintain connections (2%) and to reduce the price which would need to be paid (2%). Most of these are closely associated with old-style blat.

In 23% of cases, however, a monetary payment had been made and a gift in a further 25% of cases. Meanwhile, of those providing access to these services, 24% had been rewarded with cash or a gift, which includes not only those working in the education sector but also third parties who arrange access to those with the ability to offer places. Some 66% of those receiving help obtain this from close social relations and 83% of those providing help do so for relatives, friends, neighbours and work colleagues, rather than for more distant social relations such as friends of friends. In the majority of cases where close social relations are involved, monetary compensation is absent; 80% of blat between relatives and friends were non-monetized. When the blat is provided for or by more distant social relations, this was more likely to be monetized; 75% of blat with friends of friends and more distant acquaintances was monetized.

This permeation of blat between more distant social relations by monetary relations, however, is far from universal. As a woman solicitor stated,

Due to my profession I communicate a lot with people in various occupations. This gives me an opportunity to use these connections quid pro quo.
Or as a mother of a secondary school child commented,

> We tried to get a kindergarten place in a good one but there were no places. We then offered the head teacher money but she was not interested and said “what else can you offer?” She said one father had offered to refurbish the classrooms. We offered free eye tests for all of her family by my father. We got a place for our son.

On the whole, nevertheless, the closer the social relation, the more blat resembles traditional Soviet-style friendly help. The more distant the social relations become between the parties involved, the more commoditized becomes the provision of help and the more gifts and/or money are received and given.

**Is Money Replacing Blat?**

Given such informal payments, is it the case that blat is less important and that money is sufficient to achieve what before required access to personal networks to attain? As an older male participant asserted,

> In the Soviet times it was enough to call the acquaintance and the issue was solved without money. Such acquaintances were called "pozvonochnye" [directly translated as “vertebrates” but comes from the word “zvonok” which means “a call”]. There are no more “pozvonochnye” today. Everything is done for money.

An unemployed woman expressed a similar view:

> Today money is more important than connections. In any institution there are people that are ready to carry out any request for money. You do not need to have connections in hospitals to obtain a health certificate from the medical board. It is enough to speak to a district nurse and for 100 hryvnias you get any certificate the next day.

For these participants, therefore, those occupying positions which can provide access to assets are using them to accumulate money and it does not appear that blat is important any longer in this post-socialist market economy.

Most participants, however, adopted a more nuanced view of the relationship between the use of informal payments and blat. Rather than viewing money as becoming a substitute for blat, they adopted the view that although money is sufficient without blat, and blat is sufficient without money, combining money and blat is the most appropriate and effective way of getting what you want. As a woman stated:

> Money is important today but connections are still in use. I lived in Kyiv and came back to my native city especially to give birth because my parents are doctors and have big connections here. In spite of a small official payment of
200 hryvnias to the hospital cash office and 20 hryvnias cash-in-hand to the nurse I obtained very good treatment. And these people are not our close friends, just colleagues.

A man in his mid-50s who is a small business owner similarly explained:

We tried to prepare the documents needed for the construction of a house and were confronted with great difficulties when getting dozens of approvals from firemen, sanitation, technical inventory bureau etc. Without gaining access to the necessary people through our acquaintances and giving the officials presents and money nothing would be possible ... In order to give a bribe you need to find people who can recommend you to the official — an intermediary. Otherwise it is sometimes dangerous to offer cash to unknown people — you do not know how much to give and whether the person will take it at all.

This was further reinforced by a man with two children moving through the educational system:

You often cannot simply offer money because those involved don’t know you and will be worried about losing their jobs due to taking bribes. You need personal connections so that they have trust in you. Blat opens the doors and then money puts things into motion.

Despite the advent of illicit informal payments, therefore, this does not obviate the need for personal networks. Instead, being well-connected remains very important in modern Ukrainian society and a widespread belief remains that informal relations with those working in education are still important. It is simply that with the advent of a market society, informal payments of cash or gifts are now increasingly used to reward people for helping out.

This is reflected in participants’ attitudes towards blat. Despite these illicit activities being in practice forms of nepotism, cronyism and corruption, participants showed no reticence in openly discussing them and they practiced these activities openly without any apparent shame, remorse or guilt. Indeed, when asked whether they view blat positively or negatively, 48% of the participants expressed a very positive or positive attitude towards blat, 40% were neutral and only 12% viewed blat negatively or extremely negatively. There is consequently little questioning of these illicit practices which remain firmly embedded in the social fabric of Ukrainian life and are even a source of pride and prestige for those practising them. Until such attitudes change, therefore, it will prove very difficult for Ukraine and other post-Soviet societies to tackle this illicit social practice.

Conclusions

This paper has evaluated whether the illicit practice of using personal networks to acquire preferential access to goods and services, or to circumvent formal procedures, known as blat, persists in post-socialist Ukraine. Reporting
a study of its usage in the city of Mykolayiv, the finding is that it is widely used. Contrary to traditional style blat, however, which was seen as friendly help and was non-monetized, 38% of those using blat in the past seven years to access these services had reimbursed those helping them in the form of either cash or a gift, displaying the incursion of money into blat in this post-Soviet society. The encroachment of monetary relations, however, appears to be when more distant social relations are involved. The more distant the social relations, the more commoditized becomes the provision of help and the more gifts and/or money are received and given.

This does not mean, however, that money has become a substitute for blat. Participants adopted the view that even if money is sufficient without blat, and blat is sufficient without money, combining money and blat is the most appropriate and effective way of securing what you want. Indeed, very few (12%) expressed a negative attitude about engaging in this illicit practice. Rather than view, such a practice negatively as nepotism, cronyism, corruption and bribery, most of the population surveyed viewed it positively or neutrally, which displays the embeddedness of blat in the social fabric of Ukrainian society as friendly help. The outcome is that tackling this social practice that goes against meritocratic values will be difficult whilst a positive attitude persists towards its use.

What, therefore, can be done to tackle this corrupt practice? One policy approach is to seek to eradicate it through tougher penalties for those caught engaging in it, although whether there is the political will to do this is doubtful. Another is to provide incentives to reduce the need for blat and informal monetary payments, such as by raising the salaries of public sector workers to such a level that neither the staff will feel they need informal payments nor the customers will no longer feel the need to provide bribes. A final approach is to run awareness raising campaigns about the negative effects of blat and informal payments and the positive effects of adopting more meritocratic values across the society. These policy approaches, moreover, are not mutually exclusive. They can be combined in various ways such as by running awareness raising campaigns alongside improving the wage levels of public sector staff and then to follow this up with tougher penalties and sanctions for those failing to comply. Whichever approach is adopted, however, what is certain is that the persistence of blat and its new combination with informal payments cannot continue. Doing nothing is not an option. If this paper engenders wider research to develop a more context-bound understanding of this issue and greater debate on how to eradicate this illicit practice, then its objective will have been achieved.

References


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